

AMENDED IN SENATE AUGUST 27, 2001

AMENDED IN SENATE JUNE 11, 2001

AMENDED IN ASSEMBLY APRIL 26, 2001

AMENDED IN ASSEMBLY APRIL 19, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 1233

Introduced by Assembly Member Pescetti

February 23, 2001

An act to add Section ~~785.8~~ 785.2 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1233, as amended, Pescetti. Public utilities: transportation charges.

(1) *Existing law authorizes the Public Utilities Commission to establish rates for public utilities, including gas corporations. Under existing law, the commission requires every gas corporation to revise its transportation tariffs and conditions of service to eliminate all components that assess shippers of gas produced in the state for the costs of interstate transmission of gas produced outside the state. Existing law requires the Public Utilities Commission to allow a gas corporation to fully recover all reasonable and prudent costs associated with ownership and operation of the gas plant used for transportation.*

~~This bill would prohibit assessment of local transmission rates on natural gas if (a) it is delivered to an end-use customer, (b) it is delivered through a transmission system owned by another entity that is not~~

~~interconnected with a utility's local transmission system, and (c) it is blended with gas supplies produced from an in-state source for the purposes of achieving a usable thermal rate. The bill would require the commission to administer this provision in a manner that prohibits any cost shift to core customers resulting from the rate exemption required under the bill. Because a violation of the Public Utilities Act is a crime under existing provisions of law, this bill would create a state-mandated local program by expanding the definition of a crime.~~

This bill would require the commission to investigate, as part of the rate proceeding for any gas corporation, impediments to the in-state production and storage of natural gas. The bill would prohibit the commission, as specified, from adopting a tariff that has the effect of discouraging in-state production or storage of natural gas. The bill would authorize the commission to adopt a tariff that encourages in-state production or storage of natural gas, including reducing local transmission rates applicable to in-state gas blends, unless the commission finds that adopting the tariff will likely result in consequences adverse to the interests of gas customers. Since a violation of an order by the commission is a crime under existing provisions of law, the bill would create a state-mandated local program by expanding the definition of a crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California is one of the largest producers of oil and natural
4 gas in the nation.

5 (b) California is one of the largest consumers of oil and natural
6 gas in the nation.

(c) Natural gas is a crucial commodity that is necessary to electrical for electricity production, residential heating, commodity production, and industrial manufacturing.

(d) The price of electricity is tied closely to the price of natural gas.

(e) Despite having significant untapped reserves of natural gas, California remains heavily dependent upon out-of-state gas deliveries.

(f) It is in the state's long-term economic interest to promote policies that maximize the use of available in-state resources and encourage the increased production of natural gas.

(g) *It is also in the state's long-term economic interest to maximize the development of renewable energy sources, decrease its overall dependence on natural gas, and create a more diverse mix of energy supplies and energy efficiency measures.*

SEC. 2. Section 785.8 785.2 is added to the Public Utilities Code, to read:

~~785.8.—(a) Natural gas may not be assessed local transmission rates if all of the following conditions apply:~~

~~(1) The gas is delivered to an end-use customer.~~

~~(2) The gas is delivered through a transmission system owned by another entity that does not interconnect with a utility's local transmission system.~~

~~(3) The gas is blended with gas supplies produced from an in-state source for the purposes of achieving a usable thermal rate.~~

~~(b) The commission shall administer this section in a manner that prohibits any cost shift to core customers resulting from the rate exemption required under subdivision (a).~~

785.2. *The commission shall investigate, as part of the rate proceeding for any gas corporation, impediments to the in-state production and storage of natural gas. To the extent practicable and consistent with Sections 785 and 785.5, the commission may not adopt a tariff that has the effect of discouraging in-state production or storage of natural gas. The commission may adopt a tariff that encourages in-state production or storage of natural gas, including, but not limited to, reducing local transmission rates applicable to in-state gas blends, unless the commission finds that adopting the tariff will likely result in consequences adverse to the interests of gas customers.*

1 SEC. 3. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the penalty
6 for a crime or infraction, within the meaning of Section 17556 of
7 the Government Code, or changes the definition of a crime within
8 the meaning of Section 6 of Article XIII B of the California
9 Constitution.

